

**MEMBERS:**  
Bill Lockyer, Chair  
*State Treasurer*

John Chiang  
*State Controller*

Michael Genest, Director  
*Department of Finance*

**EXECUTIVE DIRECTOR**  
Michael Paparian

## **AGENDA**

### **CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)**

#### **California Capital Access Program (CalCAP)**

#### **Lender Roundtable**

#### **CONFERENCE CALL**

**Wednesday October 29, 2008**

**1:30 p.m.**

**Call in number: 1-800-988-0224**

**Passcode: CalCAP**

#### **1. INTRODUCTION**

#### **2. CALCAP PROGRAM UPDATE**

CalCAP Statistics through Sept. 30, 2008

<i>Loan Volume</i>			
<i>Year</i>	<i># of Loans</i>	<i>Loan Amount Enrolled</i>	<i>Authority Premium</i>
2008	381	\$42,204,413	\$1,818,871

<i>Claims Volume (Jan. 1 – Sept. 30)</i>			
<i>Year</i>	<i># of Claims</i>	<i>Loan Amount Enrolled</i>	<i>Authority Premium</i>
2008	66	\$3,339,425	\$2,303,014

#### **A. INDEPENDENT CONTRIBUTOR PROGRAM**

##### **▪ CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD**

- Program description. Since inception, \$135,000 in borrower's premiums has been funded. Over \$364,000 in funds remains available. Program is due to expire in July 2011.

- **CALIFORNIA AIR RESOURCES BOARD (OFF-ROAD PILOT PROGRAM)**

- Jessica Dean and Bob Nguyen, of ARB, gave a brief summary of the Pilot Off-Road Loan Incentives (POLI) Program (See Attachments A and B) and invited the Participating Financial Institutions (PFI) to a meeting set for Thursday, November 6, 2008. Currently, there are limited funds available for this program; however, the program is expected to be fully funded within the next 30 to 45 days.

**B. REGULATION UPDATE – REGULATION CHANGES ARE EXPECTED TO BE PRESENT TO THE CPCFA BOARD ON DECEMBER 17, 2008 AS EMERGENCY REGULATIONS. THE PROPOSED REGULATIONS INCLUDE:**

- **INDEPENDENT CONTRIBUTORS (IC) ADDITIONAL FEES**
  - Provide ICs with the ability to contribute more than is allowed under current CalCAP regulations.
- **EXPANSION OF PFI DEFINITION FOR THE INDEPENDENT CONTRIBUTOR PROGRAM**
  - This expands the definition to include vehicle finance companies specifically for programs where the Loan Loss Reserve (LLR) contributions are being made by an IC.
- **LENDER ABILITY TO PAY BORROWER'S CONTRIBUTION**
  - This provides lenders with the ability to make the borrower's LLR contribution. This will go into effect in January of 2010.

**C. CALCAP STATUTES**

- **MATCHING CONTRIBUTIONS**
  - With the passage of SB 1311, CPFA's loan loss reserve contribution will match the borrower's contribution amount. All loans disbursed after December 31, 2008 will reflect this change.
- **INTEREST SWEEP**
  - SB 1311 also authorized CPCFA to sweep 100% of the earned interest from LLR accounts effective January 2009; the first occurrence will take place in January of 2010, covering 2008 interest earned.

### **3. DISCUSSION**

#### **A. POLICIES**

##### **▪ REPORTING REQUIREMENTS**

- Lenders that hold their own LLR accounts with a balance and/or outstanding loans enrolled in CalCAP are required to submit monthly bank statements to CPCFA and BNY by the 10<sup>th</sup> of the following month. These statements should include all account activity and a description of the account (including interest rate). Also, all lenders with LLR accounts with a balance and/or outstanding loans enrolled in CalCAP are required to comply with the BNY quarterly request for CalCAP enrolled loan information by the 15<sup>th</sup> of the month when requested. Failure to comply may result in the transfer of the account to the CalCAP Trustee Bank. If the account is already held by BNY, a lender's ability to enroll loans in CalCAP may be suspended.

##### **▪ INTEREST EARNINGS AND INTEREST RATE SWEEP**

- CPCFA will conduct an annual sweep of interest accrued in the various LLR accounts. This sweep will be initiated during the first quarter of the calendar year and will cover the previous calendar year. The most recent interest rate sweep which covered January 1, 1998 to Dec. 31, 2007 resulted in approximately \$950,000.

### **4. NEXT STEPS**

#### **A. ARB PROGRAM**

- Brief recap of the POLI and the funding availability.
- ARB sources of information:
  1. <http://www.arb.ca.gov/ba/loan/loan.htm>.
  2. <http://www.arb.ca.gov/msprog/mailouts/msc0831/msc0831.pdf>

#### **B. RULE MAKING PROCESS**

- CPCFA expects to present Regulation changes to the CPCFA Board on December 17, 2008. Emergency Regulation package will be filed after Board approval with permanent regulations being filed concurrently; this will initiate the permanent rule making process.